



Dec. 12, 2012

Sen. Max Baucus  
Chairman  
Senate Finance Committee  
511 Hart Senate Office Building  
2<sup>nd</sup> and C Streets NE  
Washington, DC  
20510

Dear Sen. Baucus,

I am writing on behalf of Consumer Watchdog to urge you to hold a hearing into Google's global tax avoidance strategies. The Internet giant claims to be following the rules as it stashes billions of dollars in an offshore account in Bermuda, but its tactics smack more of outright tax evasion. Using dubious tactics dubbed the "Double Irish" and the "Dutch Sandwich" Google apparently was able to pay only 3.2 percent in tax on its overseas profits in 2011 even though most of its sales were in countries with tax rates from 26 to 34 percent.

Bloomberg News Service revealed the dubious tactics. (<http://www.bloomberg.com/news/2012-12-10/google-revenues-sheltered-in-no-tax-bermuda-soar-to-10-billion.html>) Google apparently cut its overall effective tax rate from 28 percent in 2008 to 21 percent in 2011. The combined U.S. and state statutory tax corporate is about 39 percent. Google has parked its billions in offshore accounts and, along with other corporate giants, is lobbying hard for a tax holiday to bring the money back into the United States at deeply discounted rates.

Governments in Europe, many of which have been targets of Google's morally bankrupt tax policies, are actively seeking redress. But this is not a problem that only impacts other countries' revenues. Google's tactics strike at the U.S. treasury as well, forcing the rest of us to make up for the Internet giant's unwillingness to pay its fair share. It will be necessary to work with other countries' tax authorities and to amend our tax code to put an end to egregious loopholes that allow cynical exploitation by this generation's Robber Barons. What makes Google's activities so reprehensible is its hypocritical assertion of its corporate motto, "Don't Be Evil."

We urge you to begin enacting the needed reforms in the tax code by scheduling a hearing in which Google CEO Larry Page and Executive Chairman Eric Schmidt are called to testify under oath and explain their company's flagrant abuse of the tax code to the detriment of all who play fairly.

Sincerely,

A handwritten signature in black ink that reads "John M. Simpson".

John M. Simpson  
Privacy Project Director